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**From:**

**Sent:** Thursday, October 09, 2008 1:14 PM

**To:**

**Cc:**

**Subject:** RE: Emailing: books

Section 118 applies to all corporations. Saline Sewer involved an S corp. Though we argued that the customer connection fees were not contributions in aid of construction, we did not argue that nonshareholder contributions under §118 do not apply to S corps.